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Canada's Rapeseed Exports Climb

U.S. Farm Trade in Black Despite Bigger Imports

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This week's cover:

Sugar being stored in a Guatemalan warehouse awaiting shipment to the United States. Sugar, which enters the United States under a quota system, is one of the most important of U.S. agricultural imports. A discussion of the import aspect of U.S. agricultural trade begins on page 6.

Earl L. Butz, Secretary of Agriculture

Clarence D. Palmby, Assistant Secretary for International Affairs and Commodity Programs

Raymond A. Ioanes, Administrator, Foreign Agricultural Service

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Examining rapeseed in a Canadian field.

Canadian Rapeseed at Cr

Output and Exports Sk

By GLENN D. WHITEMAN
Assistant U.S. Agricultural Attaché
Ottawa

Canada's rapeseed industry is at a point where "anything can happen." Planted area of 5.5 million acres is at an alltime high and still climbing. It is expected to reach 10 million in a few years. Production is skyrocketing, passing the 100-million-bushel mark this year. Export patterns are changing, with the traditional Japanese buyer being edged out of first place during the 1970-71 marketing year by the European Community (EC). Scientific advancements are improving varieties and developing new ones. And the Canadian Government is contemplating marketing

legislation to place rapeseed marketing under the control of the Canadian Wheat Board.

Since 1964, rapeseed production has set a new record every year except one —1968. That year farmers decreased their rapeseed acreage in favor of wheat. This was done because of severely depressed prices—only 6.9 U.S. cents a pound for oil (c.i.f. Rotterdam) —at spring planting time. The lowered prices were caused by a 9.9-million-bushel carryover from the 1967 Canadian rapeseed crop.

Principal reason for rapeseed's phenomenal growth is its ability to substitute in wheat areas when wheat crops are in excess and prices are down in the Prairie Provinces, where rapeseed is grown. The Canadian Government is encouraging these Provinces to divert from their wheat-oriented economy.

Rapeseed is an ideal alternative to wheat because the world's increasing demand for vegetable oils offers better opportunities for increasing exports and wheat periodically has been in surplus. Also, rapeseed is well adapted to the

t Crossroads:

s Skyrocket

soils and climatic conditions of the Prairie Provinces. Its high oil content is a bonus because of exceptionally high world oil prices since 1969.

Rapeseed ranks fifth among world edible oils, exceeded in tonnage only by soybean, sunflowerseed, peanut, and cottonseed.

Canada, with its small population (less than that of California), relies mainly on exports for disposition of its rapeseed crop.

Canada's rapeseed exports have grown in importance in line with production increases. Some years ago, before the EC's rapeseed production was expanded, Western Europe was Canada's leading market. Subsequently, Japan took first place. During the 1970-71 crop year, however, the EC not only nosed out Japan as top buyer, but purchased more Canadian rapeseed than Canada exported to all destinations combined during any previous crop year. At the same time, Canadian sales to Japan also increased slightly. The reopening of European markets to Canadian rapeseed enabled Canada to set a new export record and avoid a large carryover.

The need to continue expanding exports, however, is particularly important during the 1971-72 season, because in 1972-73, Canada plans to switch to new improved varieties and would like to keep carryover stocks of current varieties to a minimum.

Two factors cloud Canada's outlook for expanding exports to the EC. First, there is the competition from the EC member states. And second, a recent discriminatory duty has been placed on Canadian rapeseed by some EC members. A duty of 6.4 percent has been imposed on shipments to Germany and 4 percent on those to the Benelux countries. Canada has protested the EC action to GATT, but so far the tax still is in effect. If this continues, Canada will be handicapped in its efforts to sell more to the EC.

Canadian producers are looking to Japan for larger sales because Canadian rapeseed shipments to the Japanese market in 1971-72 will be free of import quota restrictions.

Canada also has a potential 1971-72 rapeseed market in India and Pakistan. During 1970-71, Canada exported 5 million bushels to these countries under Government food aid programs. Such shipments could increase if the anticipated large supply of 1971-72 rapeseed becomes a reality.

Canada's domestic market, while small, has been developing rapidly over the past decade. Together, rapeseed and soybean oils account for two-thirds of all vegetable oils used for margarine, shortening, and salad oil. Rapeseed oil utilization has been rising, while soybean oil use has been declining. Imports of soybeans from the United States—Canada's principal supplier—dropped from 17.4 million bushels in the marketing year 1969-70 to 15.7 million in 1970-71. Canada grows a few soybeans, but estimated production in 1971 is under 9.4 million bushels, less than 10 percent the size of the rapeseed crop.

Canada's oilseed crushing facilities are expanding. Crushings of rapeseed rose from 7.8 million bushels in 1969-70 to 8.5 million in 1970-71 and are expected to reach 9.5 million this year. Of course, this is small compared with exports, which totaled 46.8 million bushels, mainly seed, in 1970-71.

Even though domestic demand is showing growth, Canada hopes to develop overseas markets for rapeseed oil and meal. Improved varieties are expected to make Canadian oil and meal more competitive. However, the main emphasis in the export trade probably will remain on seed. One reason for this is freight rates, which favor seed.

Canadian officials are emphasizing to the Japanese the relative merits of rapeseed meal over soybean meal as livestock feed. They hope that Japan's increasing livestock production will result in a larger rapeseed meal market. Rapeseed meal contains about 37 percent protein and between 60 and 70 percent total digestible nutrients. Although Canada has stressed its use as a high-protein feedstuff, the Japanese use it mainly as a high-nitrogen fertilizer.

Rapeseed: An Ancient Cool-Climate Oil Crop

Although rapeseed is relatively new to North America, its world origins go back almost to the dawn of history. It is believed to have been cultivated in India as early as 2000 B.C. and introduced to Japan by China about 35 B.C. There were known to be large-scale plantings in Europe during the 13th century A.D. Its English name "rape" as it applies to oilseed species is derived from the Latin "rapum," meaning turnip.

Rapeseed is a cool-season crop, planted in May and harvested in late August or September. It is believed capable of yielding 2,500 pounds of seed per acre under ideal growing conditions. However, average yields have traditionally been less than a third of that. Unlike soybeans, rapeseed is grown primarily for its oil content and not its protein. Thus, crushers must obtain most of their revenues from oil.

Two developments—scientific and legislative—could have a major impact on the future of Canadian rapeseed.

First, Canadian scientists, who have been working for several years to improve rapeseed varieties, have had considerable success. The current varieties are high in erucic acid, which has caused some heart damage when fed in large quantities to test rats. Although no human has consumed erucic acid in the high quantities used on the test rats and no human erucic acid damage has been recorded, scientists have sought to reduce the erucic acid content of new rapeseed varieties. They have been so successful that several of the low-erucic varieties were included in the 1971-72 crop and Canada anticipates planting its entire 1972-73 crop in them. For this reason, the Government would like to minimize carryover from 1971-72.

Canadian research scientists now are predicting that in 5 years they will be able to produce rapeseed completely free of erucic acid, as well as thyoglucosides, another undesirable component in rapeseed meal. They also predict that the new varieties will be yellow instead of the dark color of the current varieties. These changes should make rapeseed meal more attractive, more palatable, and richer in protein.

Second, legislation recently was introduced in the House of Commons to place rapeseed marketing under the control of the Canadian Wheat Board. This could be done only with a plebiscite from producers. Foreign importers of Canadian rapeseed have opposed the idea, preferring the current free marketing system, which utilizes the rapeseed futures market. The Rapeseed Association of Canada as yet has taken no stand on the proposed legislation, and there is no indication at present when the Canadian Government will act on the legislation.

Meanwhile, Canada's rapeseed crop will grow in both quantity and quality as it seeks a greater share of world oilseed markets.

CANADIAN RAPESEED: EXPORTS BY DESTINATION, 1962-70

Crop year [1]	Exports to			
	EC	Japan	United Kingdom	All destinations
	Million bushels	*Million bushels*	*Million bushels*	*Million bushels*
1967	2.0	3.1	0.1	5.7
1968	.4	4.3	.1	5.2
1969	3.1	3.6	.4	9.2
1970	5.4	7.0	.2	13.6
1962	4.2	8.4	.2	13.8
1963	.6	10.2	—	12.3
1964	.4	10.9	—	14.2
1965	4.9	14.4	.7	22.2
1966	22.6	15.8	.3	46.8

[1] Aug. 1-July 31.

CANADIAN RAPESEED: AREA, YIELD, AND PRODUCTION, 1954-71

Crop year [1]	Area	Yield	Production
	1,000 acres	*Bushels per acre*	*Million bushels*
1954	40	14.4	0.6
1955	138	11.3	1.6
1956	352	17.0	6.0
1957	618	14.0	8.7
1958	626	12.4	7.8
1959	214	16.7	3.5
1960	763	14.6	11.1
1961	710	15.8	11.2
1962	371	15.8	5.9
1963	478	17.5	8.4
1964	791	16.7	13.2
1965	1,435	15.9	22.8
1966	1,525	16.9	25.8
1967	1,726	15.4	26.5
1968	1,052	18.4	19.4
1969	2,012	18.4	37.0
1970	4,100	17.8	72.2
1971 [2]	5,500	18.4	100.6

[1] Aug. 1-July 31. [2] Estimated.

Iran's Dynamic Agricultural Development Helps To Revive Khuzistan's Ancient Farms

By C. S. STEPHANIDES
U.S. Agricultural Attaché
Tehran

During the last 10 years Iran has made great strides in improving and expanding its agricultural production, especially in Khuzistan Province. Major national policies implementing improved irrigation, land tenure, and agribusiness utilization of land have played an important part in this growth.

Agricultural areas have been expanded through water conservation plans—large and small dams, diversion canals for rivers and streams, and extended deep-well drilling which gradually is replacing the antiquated ghanat water system. Irrigation, which is projected to increase even further, has helped substantially to increase cotton, cereal, pistachio, rice, and fresh fruit and vegetable production.

The Government has also replaced the old land tenure system, which for centuries had prevented farmers from efficiently utilizing their land. The Iranian farmer now owns his own land; however, the initial distribution of land to the farmer contributed little to agricultural production and failed to improve the economic condition of the farmers. The average size of the farms and the scattering of small-size fields within the farming area made it impossible and impractical to introduce mechanical equipment and more efficient utilization of labor.

To combat these problems, the Government established farm cooperatives on a small, experimental basis. Certain farmers now join diverse holdings into

one large unit. All parcels of land are thrown together for proper rotation of crops, water utilization, and efficient employment of farm equipment.

Farmers can thus more fully exploit their own land by adopting large-scale improved practices to gain increased income. Each farmer becomes a shareholder in the cooperative, on which he can either work for additional income or move from the cooperative to the city for urban employment. Considerable progress in agricultural production has been made through those cooperatives that have efficient supervision and leadership.

The third measure which the Government has instituted is the division of some of Khuzistan's irrigated land into large parcels of 10,000 acres or more among agribusiness corporations controlled by both Iranian and foreign investments. These units can employ large-scale agricultural machinery and can grow greater quantities of crops for processing and export.

Khuzistan today has 60,000 acres divided among seven large agribusiness companies; it has become the largest agribusiness center in the Middle East. And, while it is still too early to forecast the success of agribusiness in Khuzistan, it can be said that all factors contributing to a successful agribusiness venture are present.

Since World War II, the Iranian Government has been assessing Khuzistan's agricultural potential. After the war it invited the Development and Resources Corporation of New York to make a thorough study of the possibilities of harnessing the water resources of Khuzistan and developing its agricultural potential.

The study, completed in 1957, proposed 14 dams on the major rivers of the region. These dams could irrigate 2.5 million acres of land and generate 6,600 megawatts of electricity. The first, Mohammed Reza Shah Pahlavi Dam, completed in March 1963, was constructed on the Dez River. (See *Foreign Agriculture*, June 3, 1968.)

The Development and Resources Corporation also conducted research on agricultural techniques and practices. Extensive work was done with pest control and seed production, especially of crops new to the area.

Khuzistan was selected as a center for agricultural improvement and investment for several reasons. Khuzistan —with a present total of 2.5 million irrigable acres—is the most fertile region of Iran. Five major rivers—the Dez, Karkhen, Karoon, Janahi, and the Hendijam—flow through the region from the mountains to the Persian Gulf. It has mild winters which permit year-round crop growing and hot, dry summers with temperatures reaching 126°F.

Khuzistan is close to Persian Gulf ports, thus facilitiating exports. It also has railroad and hard surface roads to the interior of the country which aid domestic commerce.

In addition, the Khuzistan plain needs little leveling, employment of large-scale mechanization is possible, labor is plentiful and cheap, fertilizers are produced locally with the area's inexpensive fuel, and the cost of energy for processing plants is the lowest in the country.

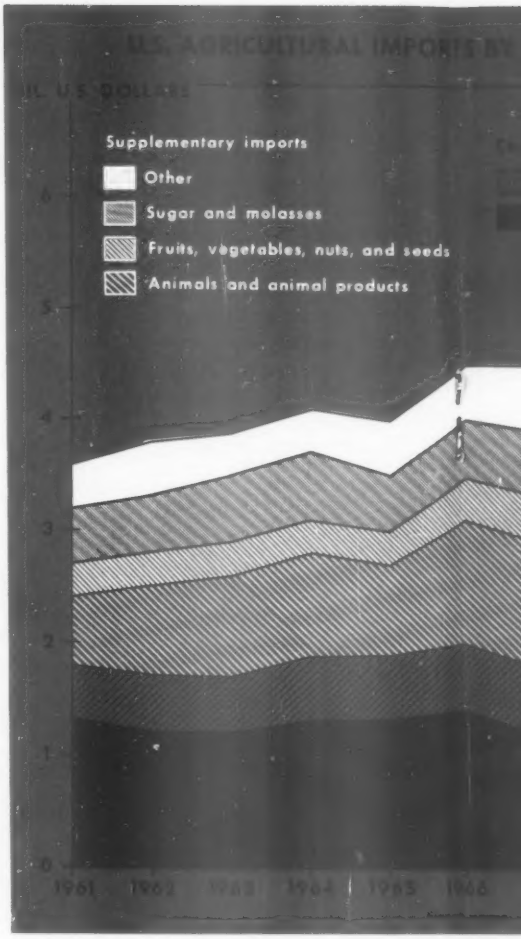
Thus far, large-scale alfalfa production, asparagus, sorghum, corn, sugarcane, sugarbeets, cotton, sunflowerseed, rice, fruits, and vegetables have all proven profitable. Of all the crops grown so far, however, alfalfa, sugarcane, sugarbeets, sorghum, asparagus, and leafy vegetables appear to grow best. Alfalfa and asparagus from Khuzistan are already competitive in world markets. Yields of these crops are high, and so is quality.

Sugarcane, which is cultivated on 12,500 acres, has proved most successful with yields approaching world records. In 1970-71 about 4,942 acres of sugarbeets were cultivated for the first time and with excellent results. A new sugarbeet factory, now in operation, is expected to boost sugarbeet acreage to nearly 50,000 acres.

In the future, Iran plans to construct 13 more dams in Khuzistan. These will harness almost all the water from the five rivers for agriculture and power production. The additional irrigated land should attract more agribusiness establishments and also increase the productivity of farmers already there. In the next 20 years, Khuzistan could become a formidable center of agricultural production.

New and old agricultural methods in Iran. Left, mechanical harvesting of grain sorghum. Below, openings to a ghanat, or traditional horizontal well.

By THOMAS A. WARDEN
Foreign Development and Trade Division
Economic Research Service



U.S. Farm Trad
$2 Billion i
Despite Bigge

Although the United States has had difficulty in recent years in maintaining a favorable balance of trade, the agricultural sector has remained overwhelmingly in the black. In 1970-71, agriculture had a favorable trade balance amounting to $2 billion. Although imports have been increasing, exports have risen even faster with obvious benefits to the U.S. balance of payments.

In 1970-71 the United States exported farm products valued at $7.8 billion, including commercial sales of $6.7 billion. U.S. imports of farm products reached $5.8 billion. These imports have been increasing at an average annual rate of 6 percent since 1960. This growth accelerated in 1969-70 to 11 percent but then slowed to a 4-percent gain in 1970-71. Both of these increases were largely the result of increased prices rather than a growth in the volume of farm imports.

In 1970 the United States replaced the United Kingdom as the world's second largest market for agricultural products behind Germany. However, U.S. per capita agricultural imports, at $27, are still relatively low compared with those of many European countries such as the Netherlands, West Germany, and the United Kingdom which annually import more than $100 worth of agricultural products per person.

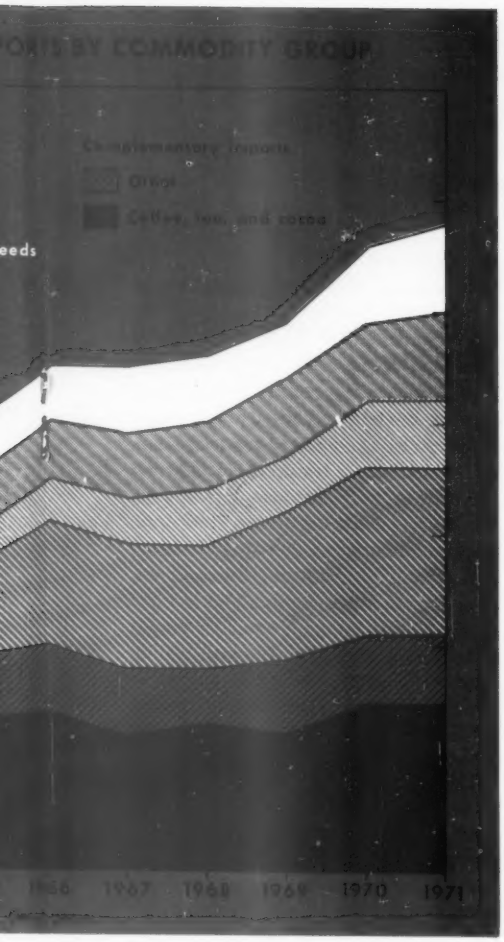
The farm goods that the United States buys from abroad fall into two categories. Classed as noncompetitive, or complementary, are those commodities that are not produced in the United States and must be imported. Most of these are products of the tropics and subtropics. The other category is of imports of farm products that compete with commodities produced in this country. It is this group that is responsible for the growth of U.S. agricultural imports. In 1960 about half of U.S. farm commodity imports were competitive. By 1970-71, this proportion rose to nearly two-thirds.

The growth in imports of competitive agricultural goods reflects increases in U.S. prices, incomes, and demand. Higher prices in the United States tend to attract foreign raw materials and processed foods. Among such imported raw materials drawn to U.S. industries were unrefined sugar, tobacco leaf, vegetable oils, casein, and sausage casings. As incomes in the United States rise, consumption patterns change and more money is available for high-protein or luxury-type foods and beverages, in which imports are very competitive. Of this type, imports of meats, cheeses, fruits, nuts, vegetables, and wines have all shown rapid gains.

Although complementary imports showed little overall change, several rose sharply to offset the reduction in others. Bananas, cocoa products, soluble coffee, essential oils, and spices are all notable exceptions to the generally static tropical product imports. Coffee, the largest single U.S. agricultural import, often fluctuates in price as a result of weather conditions, but volume has changed little over the last decade. The volume of crude rubber imports also has shown only small variations.

Fiber imports accounted for most of the long-term decline in complementary products. Demand for natural fibers dropped noticeably as substitution by synthetics proceeded and their prices fell. For example, sisal and carpet wool imports are only a fraction of those 10 years ago.

Lower duties accounted for part of the increase in agricultural imports. Duty reductions agreed to in reciprocal trade negotiations began to take effect in 1967. The reductions were scheduled for five yearly stages on 370 commodities including preserved beef, fresh pork, certain cheeses, prepared tomatoes, edible nuts, canned oranges, sweetened chocolate, cocoa butter, beer and ale, sparkling wine, vermouth, oriental tobacco leaf, castor oil, certain wools, hides, vanilla beans, and many others. Overall, U.S. agricultural import duties averaged 5 percent ad valorem in 1970



Trade Balance on in Black igger Imports

compared with 5.4 percent a year earlier and about 6 percent 10 years ago.

The principal sources of U.S. agricultural imports were different in 1970-71 from what they had been in 1960. The proportions from Canada and Mexico have risen. The combined share from Australia and New Zealand rose to 10 percent from 6 percent. Imports from Asian countries represent 16 percent of U.S. agricultural imports compared with 19 percent 10 years ago.

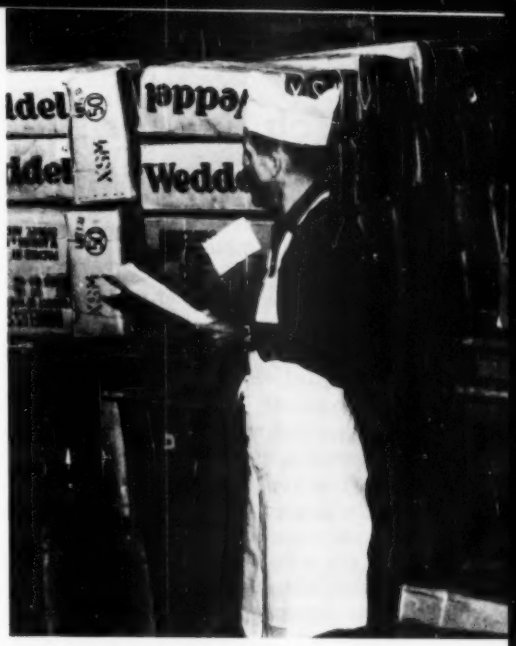
Regional trade groupings now account for about half of U.S. agricultural imports. Of these, the Latin American Free Trade Area's share dropped to 27 percent in 1970-71 from 35 percent in 1960-61 while imports from the Central American Common Market gained slightly to 7 percent from 5 percent. The European Community's share went up to 8 percent from 6 percent and the European Free Trade Area's to 5 from 2 percent.

The current outlook for U.S. agricultural imports is for a slight decline in 1971-72 from current levels. Partly this will be the result of a general trade recession reflecting slack in economic conditions in the United States. Uncertainties about floating exchange rates will also tend to slow down recent growth.

The temporary import surcharge in the United States will retard purchases somewhat, but only about 27 percent of agricultural entries are affected. Duty-free commodities, many of them tropical products from developing countries, are not subject to the surcharge. Agricultural items regulated by absolute quotas under the Sugar Act, the Meat Import Act, and the Agricultural Adjustment Act (certain dairy products, cotton, wheat, and peanuts) are exempt from the surcharge. A number of commodities have duties equal to Tariff Act of 1930 limits and are exempt from the surcharge.

Of the major agricultural commodities imported into the United States in 1970-71 **meat** imports topped $1 billion. In the previous year total meat imports amounted to $970 million with a volume of over 1.8 billion pounds. In 1970-71, volume remained near the 1.8-billion-pound level while value exceeded $1 billion. The largest component, chilled and frozen boneless beef, leveled off at just over 1 billion pounds with a value of $527 million, about the same as a year ago. Imports of chilled and frozen mutton declined sharply from the 1969-70 level of 61 million pounds valued at $20 million to 24 million pounds valued at $9 million last year. Entries of chilled and frozen veal dropped to 21 million pounds valued at $13 million from 25 million pounds valued at $15 million in 1969-70.

These imports come under existing



U.S. agricultural imports are divided into two categories—complementary, mostly tropical products like tea (bottom left), and competitive commodities such as Australian meat (above).

controls governed by the Meat Import Act. Voluntary export restraints by principal suppliers have held shipments below levels that would bring about quota restrictions. Fresh and frozen pork, lamb, and other meats are not included in the meat import regulations nor are prepared meats. Sharp increases took place for imports of prepared and preserved beef and veal while U.S. purchases of imported canned hams and shoulders registered some gains.

Sugar imports exceeded 5.3 million short tons, commercial weight, in 1970-71 compared with 5 million tons a year earlier and 4 million tons in 1960-61. Prices rose to $140.80 per ton from $136.55 in 1969-70 and $109.79 in 1960-61.

Although sugar is regulated by import quotas, prices paid to foreign suppliers have in the last several years been higher than world market levels although they are not always. Most sugar exporters have had their quotas increased as production in Hawaii and Puerto Rico held steady or diminished. Major foreign suppliers are the Philippines, the Dominican Republic, Brazil, Mexico, Peru, and Central American countries.

(Continued on page 12)

Dutch Feeder Industry Transforms Nonfat Dry Milk Into Veal Exports

Faced with a huge surplus of nonfat dry milk in the early 1950's, Dutch feed producers began to use this inexpensive product as an ingredient for a milk replacer for calf fattening. By the second half of the 1950's, the calf fattening industry had grown to such proportions that nonfat dry milk had to be imported to meet the demand.

When veal production was substantially boosted in the early 1960's, the Dutch imported huge amounts of nonfat dry milk. From 1963 to 1966, the United States supplied a major share of these imports; however, the European Community's Common Agricultural Policy for dairy products—initiated at the end of 1964—cut imports of U.S. nonfat dry milk to practically zero by the beginning of 1968.

Nearly 1 million calves were fattened for veal production in 1970, 90 percent of which were exported at a value of US$160 million—far exceeding the value of exports of such a typically Dutch product as flower bulbs, at US$109 million. Veal—most of which is shipped to West Germany and Italy—now amounts to nearly 25 percent of all meats exported by the Netherlands' meat processing industry.

The Dutch dairy industry has profited from this large-scale calf fattening operation is several ways:

- Surpluses of nonfat dry milk are no longer a problem.
- Nonfat dry milk now sells at higher prices.
- Prices for newborn calves have risen considerably.
- Dairy farmers engaged in calf fattening have a new source of income.

The startling rise in veal production is closely tied to the development of the artificial milk feed, in the 1950's. Prior to that time, calves were fattened on whatever whole milk was left over from other farm uses. Skimmed milk later replaced whole milk as the major feed, especially on the small farms in the Betuwe and Veluwe Regions, where the area's iron-free water helps produce the pale colored meat generally favored by consumers.

The artificial milk is produced by mixing nonfat dry milk with animal fats, whey, soybean meal, starch, minerals, and vitamins. The feed powder is less expensive than whole milk and can be easily stored until it is mixed with water to make the milk replacer.

The artificial milk feed is very efficient, boasting a feed conversion ratio of 1.6—a calf gains about 10 pounds for every 16 pounds of feed it consumes. During the calf's stay in the fattening pens, which usually lasts about 100 days, it gains about 220 pounds.

Since feeding pen production stresses efficiency, the number of farms on which calves are fattened has declined sharply in recent years, from 10,757 in 1966 to 5,219 in 1970. This concentration of production has increased the number of units per farm—and broadened the financial risks as well.

Consequently, there has been an important trend towards contract production in the veal industry—primarily with the feed industry as the contractor. Typically, the feed mill concludes a wage-fattening contract with a farmer: the farmer supplies his labor and facilities in exchange for a fixed compensation per calf; the feed mill provides the feed. Thus, in effect, the farmer receives a salary and avoids taking financial risks. Today, about two-thirds of Dutch calf fattening is done under contract.

The Dutch veal industry is not likely to experience another large expansion in production in the near future, since production is now at virtually full capacity; however, several factors may promote modest increases. First, new breeds are being imported for trial feedings, which could raise the yield per animal. Second, advances in animal husbandry could decrease the death rate for newborn calves. Third, if the seasonal pattern of births could be altered (most Dutch calves are born in February-April) calf fattening facilities could be used more efficiently on a year-round production basis.

—By CHRISTIAN J. M. LANGEZAAL
Office of the U.S. Agricultural Attaché
The Hague

Record 1971 Cotton Crop in the USSR May Spur Increased Sales Abroad

According to Soviet officials, the USSR cotton harvest this year is expected to equal or even exceed the record 1970 crop of approximately 10.8 million bales (480 lb. each). A number of factors—such as the higher prices authorized in 1969 by the Soviet Government—have helped cotton production this year.

Higher prices stimulated the planting of greater area to cotton, increased use of fertilizer, and encouraged rotation of alfalfa with cotton to combat the disease cotton wilt.

Also, a project that involved drilling hundreds of artesian wells and constructing temporary canals to distribute the newly available water alleviated a shortage of irrigation water early in the cotton season in central Asia—the chief cotton region.

Finally, because the crop was planted early and matured early, a long harvest period was available before the fall rains stopped harvesting.

The successful 1971 cotton crop places the USSR in a position to expand net exports. The record 1970 USSR crop was absorbed in greater domestic utilization and replenishing stocks rather than exports. But while domestic use is expected to grow in 1971, stocks are not, and more cotton will be available for selling abroad.

USSR COTTON PRODUCTION AND TRADE

Year	Production	Net exports	Stock changes
	Million bales[1]	*Million bales*[1]	*Million bales*[1]
1961.....	7.1	0.9	0
1962.....	6.7	.4	—.1
1963.....	8.1	1.1	+.3
1964.....	8.3	1.3	0
1965.....	8.9	1.5	+.2
1966.....	9.4	1.8	+.2
1967.....	9.4	1.9	—.2
1968.....	9.3	1.3	+.1
1969.....	8.9	1.2	—.4
1970.....	10.8	—	—
1971[2].....	10.8	—	—

[1] 480 lb. net. [2] Estimated.

CROPS AND MARKETS

DAIRY AND POULTRY

Australia Establishes New Two-Price Dairy Quota Plan

After nearly 2 years of controversial discussions, on November 1, 1971, the Australian Dairy Industry Council and the Government endorsed a two-price quota plan.

The new plan, subject to specific legislation, will provide for the establishment of a national butterfat quota, based on domestic and export market requirements. State quotas will be allocated on the basis of a recent production period. A premium price will be payable on all quota production. The price for over-quota production will be determined by basic export returns.

The financial aspects of the scheme, particularly the level of the overall butter and cheese subsidy and the guaranteed minimum price for butterfat, have not yet been settled. These matters will be discussed by the State Ministers of Agriculture and Commonwealth authorities at the next Agricultural Council meeting in February 1972.

The Commonwealth Government has made it clear to the industry and to the States that it cannot be expected to make a firm commitment on subsidy and guaranteed price levels for the 1972-73 season unless it receives assurances by the industry and the States that an effective production restraint mechanism will be established. Further, this mechanism should be set up by July 1, 1972, or within a reasonable time after that date, to be available for use if required.

Total payments by the Australian Government for butter and cheese and processed milk products during 1970-71 amounted to US$51.5 million while the 1971-72 budget provides for payments of $48.7 million.

LIVESTOCK AND MEAT PRODUCTS

EC Requests Applicants To Adopt Disease Policy

Trade sources report that the British rejected a European Community (EC) proposal that the United Kingdom agree to import cattle for slaughter that had been vaccinated for foot-and-mouth disease from the Community immediately upon entering the EC, and vaccinated breeding stock 3 years thereafter. Ireland's representative told EC negotiators at the session that he was "most disappointed" at the proposal that Ireland should accept the EC's animal health regulations after a 3-year transition period.

The U.K. method of eradication for foot-and-mouth disease is a slaughter program. Whenever an outbreak occurs, a rigid quarantine area is set up and all infected and exposed animals within the area are slaughtered and destroyed. All buildings and grounds are thoroughly disinfected and new stock entry is prohibited for a period of time. If an outbreak occurred in Ireland a similar program would be followed.

France maintains a vaccination program for foot-and-mouth disease control. Animals are vaccinated twice yearly to keep the incidence of outbreaks down. Despite this, annual outbreaks still occur under the vaccination system since the vaccinated animals may still be carriers of the disease.

The Irish and British are concerned over the possible entry of EC animals which would have an adverse affect on sales of breeding stock to the United States and other countries which follow a slaughter program for foot-and-mouth disease. Also, if Ireland and Northern Ireland permit the entry of EC foot-and-mouth vaccinated animals and an outbreak of foot-and-mouth disease occurs, this would preclude further shipments of fresh, chilled, and frozen beef from these areas to the United States because of animal health regulations.

In 1970 the United States imported live cattle and fresh, chilled, and frozen beef and veal from the United Kingdom and Ireland valued at $37 million.

U.S. Livestock Product Export And Import Monthly Statistics

Monthly figures for U.S. exports and imports of livestock products, usually carried in this issue, will appear in *World Agricultural Production and Trade,* published monthly. Single copies of WAPT are available from FAS, U.S. Department of Agriculture, Room 5918, South Building, Washington, D.C. 20250. U.S. residents who wish to be added to the WAPT mailing list may send their names to address above.

Australia Sets 1971-72 Wool Subsidy Program

During the week of November 8 the Australian Parliament passed the Wool Deficiency Payments Act of 1971. The purpose of this Act is to provide a subsidy to wool producers during the 1971-72 season (July-June).

The deficiency payment rates are determined on a weekly basis and are calculated as the percentage increase needed to adjust the proceeds of eligible wool sold at auction in the particular week so as to average nearly 42 cents per pound over the season.

Payments will be made to growers through brokers, wool merchants, classing houses, and agents who export or sell wool by tender on behalf of producers. They are to make payments to producers by multiplying the sale value of eligible wool by the deficiency percentage set for the week in which the wool was sold. The first payments will apply to wools sold since July 2, 1971.

The Australian Minister for Primary Industry stated that actual deficiency payments for the year are now estimated at US$130 million.

SUGAR AND TROPICAL PRODUCTS

New Sugar Mill In Venezuela

In November 1971, construction was started on a new Venezuelan sugar mill, "Santa Maria," in the State of Monagas. This will be the first sugar mill to be built in eastern Venezuela and will be jointly owned by the Government and private investors. At the beginning of operations, the mill's capacity will be 2,400 metric tons of sugarcane daily. At a later date, the mill will be enlarged to at least double this capacity. This will be Venezuela's sixteenth sugar mill.

Brazil's Pepper Crop Down From 1970

Brazilian production of black and white pepper (Piper nigrum L.) during 1971 was estimated at 11,000 metric tons, off about 15 percent from the 1970 crop of 13,000 tons. Less favorable growing conditions and losses from fungus diseases were responsible for this year's smaller harvest.

Exports of pepper in 1970 totaled 9,018 tons, down from the record 1969 shipments of 14,503 tons. Exports during the first half of 1971 totaled 7,718 tons valued at $6.5 million.

Brazilian pepper production and exports have grown rapidly over the last decade, with Brazil now being the second largest supplier of pepper to the U.S. market.

FATS, OILS, AND OILSEEDS

Argentine Flaxseed Crop Down Sharply

Argentina's 1971-72 flaxseed production, according to the first official estimate, is 350,000 metric tons, or 48.5 percent less than last year's 680,000 tons and the smallest crop since the 1955-56 harvest of 238,000 tons.

This decline, plus similar sharp declines in Canada and the United States, results in an aggregate drop of 1.174 million tons (46 million bushels) in the three countries which account for 95 percent of the world exports of flaxseed and linseed oil on a combined basis. However, with heavy stocks in all three countries, world supplies of flaxseed and linseed oil continue to be abundant.

Large Sunflowerseed Harvest in Romania

Romania appears to have produced a record sunflowerseed crop this year of 900,000 metric tons—17 percent above the 1970 volume and 38 percent above the 1965-67 average. Sharply higher yields account for the increase.

The increase in seed production is equivalent to 55,000 tons of oil and 45,000 tons of meal. The trend of the 1960-70 annual increase in sunflowerseed oil production has been 15,300 metric tons, while the trend in increase for domestic consumption has been about 1,000 tons per year.

Romanian consumption of all fats and oils has been trending upward at roughly 10,000 tons per year, but rising animal fat and soybean oil production has contributed to this increase in consumption. Therefore, a very large share of the increase in sunflowerseed production will be available for export and/or increasing stocks in 1972.

ROMANIAN SUNFLOWERSEED PRODUCTION

Year	Area	Yield	Production
	Million acres	*Pounds per acre*	*1,000 metric tons*
Average 1965-67	1.16	1,235	652
1968	1.29	1,251	730
1969	1.32	1,251	747
1970	1.49	1,138	769
1971 [1]	1.48	1,338	900

[1] Preliminary.

ROMANIAN SUNFLOWERSEED OIL PRODUCTION AND DISTRIBUTION

Calendar year	Production [1]	Exports [2]	Apparent domestic disappearance
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*
Average 1965-67	231	95	136
1968	294	135	159
1969	301	162	139
1970	309	168	141
1971	318	176	142
1972	373	—	—

[1] Estimated. [2] Includes sunflowerseed and oil on a oil basis.

GRAINS, FEEDS, PULSES, AND SEEDS

Ecuador's Wheat Crop Declines in 1971-72

Ecuador's wheat production for 1971-72 was the lowest in recent years—an estimated 60,000 metric tons. Due to poor quality, millers estimate that no more than 40,000 tons of wheat will be available for milling purposes.

French Cereal Exports Reach New Record

France exported a record 2.9 million tons of wheat, corn, and barley from August 1 to October 31, 1971, the first 3 months of the cereal year, compared to the old record of 2.2 million tons in 1969 and 1.47 million last year. Of the total 2.9 million tons, 1.0 million were exported to non-EC countries.

France Sells Barley To Reduce Prices

The large number of export certificates issued for barley (2.9 million) and poor forage yields in parts of France have caused barley prices to rise. In order to make barley competitive on the European Community market, France will sell 125,000 tons of barley out of 220,000 tons held in French intervention stocks. Total EC barley intervention stocks as of November were 1.38 million tons. The sale will take place between December 3, 1971, and February 1972. Current barley prices are about $99.00 per metric ton compared to $85.50 last year.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Dec. 15	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14. . .	2.01	0	[1] 2.08
USSR SKS-14	1.89	0	2.07
Australian FAQ	1.66	0	1.88
U.S. No. 2 Dark Northern Spring:			
14 percent	1.93	+2	2.09
15 percent	([2])	([2])	2.12
U.S. No. 2 Hard Winter:			
13.5 percent	1.80	0	1.98
No. 3 Hard Amber Durum. .	1.81	0	2.03
Argentine	([2])	([2])	([2])
U.S. No. 2 Soft Red Winter. .	1.74	([2])	1.88
Feedgrains:			
U.S. No. 3 Yellow corn	1.46	+4	1.79
Argentine Plate corn	1.56	+5	1.90
U.S. No. 2 sorghum	1.47	+2	1.66
Argentine-Granifero sorghum	1.48	+4	1.67
U.S. No. 3 Feed barley	1.26	0	1.55
Soybeans:			
U.S. No. 2 Yellow	3.42	−4	3.24
EC import levies:			
Wheat [3]	[5]1.57	0	1.35
Corn [4]	[5]1.06	+3	.67
Sorghum [4]	[5]1.00	0	.68

[1] Manitoba No. 2. [2] Not quoted. [3] Durum has a separate levy. [4] Until Aug. 1, 1972, Italian levies are 19 cents a bu. lower than those of other EC countries. [5] Effective October 14, 1971, validity of licenses with levies fixed in advance is a maximum of 30 days. Note: Basis—30- to 60-day delivery.

Estimate of Brazil's Wheat Crop Lower

It now appears that Brazil's current wheat harvest will be 2.0 million tons, down from the previous estimate of 2.2 million, because of disease and frost. This would still be above last year's record 1.7 million tons. Accordingly, calendar 1972 import requirements are now estimated at about 1.6 million tons.

TOBACCO

Bulgaria To Increase Tobacco Production

The Bulgarian Government plans to increase leaf tobacco production 23 percent from 1971 to 1975. Most of the increase will be in burley and Virginia type tobacco.

Bulgaria is presently the world's largest exporter of cigarettes and the fourth largest exporter of leaf tobacco. The planned 23-percent increase in leaf production is to make possible a proposed 45-percent increase in cigarette exports from 1970 to 1975.

About 80 percent of the 65,000 tons of cigarettes produced in Bulgaria are exported. Most go to the USSR. Exports of cigarettes and leaf tobacco accounted for 14 percent of the country's total foreign exchange earnings in 1970.

Canada's Cigarette Industry Restricts Media Advertising

Major cigarette manufacturers in Canada have reached an industry-wide agreement for a new cigarette advertising code to stop advertising in radio and television from January 1, 1972, and to freeze all advertising and promotion spending at existing levels. Savings from restricted media will be channeled into other forms of sponsorship.

After April 1, 1972, all cigarette packages will be manufactured with a warning label that states "excessive cigaret smoking may be dangerous to your health." The industry also agreed to impose a ceiling for maximum levels of tar and nicotine in smoke at 22 milligrams of tar and 1.6 milligrams of nicotine.

This voluntary code was announced ahead of proposed legislation that would restrict the use of tobacco in Canada.

Greece Considers Tobacco Export Subsidy

Greece is reported to be seriously considering a subsidy on exports of burley leaf tobacco. This action appears to be necessitated by the Common Agricultural Policy (CAP) of the European Community.

As an associate member of the Community, Greece enjoys a duty-free status for tobacco and has expanded burley production for export primarily to that market. However, the buyer's premium granted for burley tobacco in the Community has stimulated production in Italy and has curtailed exports of Greek burley. The 1971 Greek burley crop of about 33 million pounds brought lower prices with a substantial quantity remaining in surplus.

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FOREIGN AGRICULTURE

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U.K. Textile Industry Keeps Quotas, Gets Tariffs

Instead of abandoning its cotton textile import quotas on January 1, 1972, as originally planned, the United Kingdom will continue the quota system. In addition, tariffs on imports from Commonwealth countries will be introduced on the same date.

Behind this policy switch lies the U.K.'s need to aline quotas and tariffs with the EC system by January 1, 1973; increased pressure from textile imports; and serious unemployment in the textile industry.

The tariffs scheduled to go into effect January 1, 1972, are 6.5 percent on cotton yarn, 15 percent on cotton cloth, and 17 percent on cotton apparel and other manufactured items.

Despite the use of quotas, Britain's cotton piece goods production has fallen. A decade ago, domestic production totaled over 1.2 billion square yards. In 1970, the domestic industries produced 879 million square yards of cotton fabrics compared with 467 million square yards of imported cotton fabrics.

Since November 1, 1971, British clothing and textile importers have no longer been required to mark imports with the country of origin. The British textile industry fears that this change may further reduce sales of British textiles.

The United Kingdom is contracting as a market for cotton. In the 1960 crop year, about 1.2 million bales of cotton were consumed. In the 1970 crop year only 750,000 bales were used.

The U.K. textile industry has long been an important market for U.S. cotton, although in recent years the U.S. share has fallen, owing to imports from newer producing and exporting countries. Imports from the United States have dropped from an average of 500,000 bales in the crop years 1959 and 1960 to an average of 70,000 bales in the last 3 crop years.

—By Bernice M. Hornbeck
Cotton Division
Foreign Agricultural Service

U.S. Farm Imports

(Continued from page 7)

Fruit and vegetable imports continued to grow in 1970-71 to $475 million, compared with $427 million 1 year earlier and $165 million in 1960-61. A wide range of these products showed sharp growth—strawberries, melons, oranges, pineapples, most fresh vegetables, canned mushrooms, olives, and tomatoes. Limited availability of land in some areas of the United States, high production costs, labor shortages, and relatively low foreign prices encouraged this flow. However, imports still account for less than 10 percent of fruit and vegetable consumption.

Nearly all the gains in U.S. **wine** imports consisted of table wines. Wine consumption has gone up sharply in the last decade and imports make up about 10 percent of the U.S. market. Expanded purchases from Portugal and Spain, combined with higher prices for French and German types, accounted for the increase. Total wine imports in 1970-71 reached 33 million gallons valued at $153 million.

Increased use of oriental leaf, scrap and stems raised U.S. **tobacco** imports to 233 million pounds worth $140 million in 1970-71. Lower priced imported types have partly replaced more expensive U.S. leaf in domestic tobacco products, and currently make up about 18 percent of consumption compared with about 10 percent in 1960-61.

Edible nut purchases from abroad in 1970-71 jumped to $105 million from $91 million in 1969-70. The high was $111 million in 1968-69. Cashew nuts account for about half of U.S. nut imports, with desiccated coconut and pistachios making up most of the rest. Imported nuts do not compete directly with U.S. production since very few are types grown here.

Cheese imports went up to $84 million in 1970-71 from $76 million a year ago. The volume, at 156 million pounds, was only 2 million pounds greater. Part of the U.S. cheese import volume is covered by quotas, chiefly cow's milk types.

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